This handout summarizes some of the more useful sources of funding for communities (and their residents) to use in reducing their exposure to repetitive flood losses. Additional copies of this handout are available by e-mailing NFIPCRS@ISO.com.

Funding Sources for Repetitive Loss Properties

The National Flood Insurance Program (NFIP) is continually faced with the task of paying claims while trying to keep the price of flood insurance at an affordable level. It has a particular problem with repetitive loss properties, which are estimated to cost $200 million per year in flood insurance claim payments. Repetitive loss properties represent only one percent of all flood insurance policies, yet before Hurricane Katrina, they accounted for nearly one-third of the claim payments (over $4.5 billion to date).

Mitigation of the flood risk to these repetitive loss properties will reduce the overall costs to the NFIP as well as to individual homeowners. Accordingly, over the years, Congress has created a variety of funding sources to help repetitive loss property owners reduce their exposure to flood damage. The Federal Emergency Management Agency (FEMA) now has five grant programs and one insurance benefit. More information on these programs can be found on these websites.

- Hazard Mitigation Grant Program (HMGP) − a grant made available after a Presidential disaster declaration (http://www.fema.gov/government/grant/hmgp/index.shtm)
- Flood Mitigation Assistance (FMA) − a grant that your community can apply for each year (http://www.fema.gov/government/grant/fma/index.shtm)
- Pre-Disaster Mitigation (PDM) − a nationally competitive grant that your community can apply for each year (http://www.fema.gov/government/grant/pdm/index.shtm)
- Repetitive Flood Claims (RFC) − a grant that FEMA administers for certain repetitive loss properties when there is no local government sponsor (http://www.fema.gov/government/grant/rfc/index.shtm)
- Severe Repetitive Loss (SRL) − a grant that is reserved for "Severe" repetitive loss properties, i.e., those whose flood insurance policies are administered by FEMA's Special Direct Facility rather than a private insurance company (http://www.fema.gov/government/grant/srl/index.shtm)
- Increased Cost of Compliance (ICC) − an extra flood insurance claim payment that can be provided if an insured building was flooded and then declared substantially damaged by the local permit office (http://www.fema.gov/library/viewRecord.do?id=3010)
- Small Business Administration (SBA) − low interest loans that can fund repairs and mitigation projects after a disaster declaration (http://www.sba.gov/services/disasterassistance)

Most of the FEMA grants provide 75% of the cost of a project. The owner is expected to fund the other 25%, although in some cases the state or local government may contribute to the non-FEMA share. ICC pays 100% (up to $30,000) of the cost of bringing the damaged building up to the local ordinance's flood protection standards.

Each program has a different Congressional authorization and slightly different rules (summarized in the table on the next page). States and communities set their own priorities for the use of the grant funds, but they are strongly encouraged to address their repetitive flood problems. In no case can a FEMA grant be used on a project without the completely voluntary agreement of the owner.

Types of Projects Funded	HMGP	FMA	PDM	RFC	SRL	ICC	SBA
Acquisition of the entire property by a gov't agency	✓	✓	✓	✓	✓		
Relocation of the building to a flood-free site	✓	✓	✓	✓	✓	✓	✓
Demolition of the structure	✓	✓	✓	✓	✓	✓	✓
Elevation of the structure above flood levels	✓	✓	✓		✓	✓	✓
Replacing the old building with a new elevated one	✓				✓	✓	✓
Local drainage and small flood control projects	✓				✓		
Dry floodproofing (nonresidential buildings only)		✓	✓		✓	✓	✓
Percentage paid by federal program	75%	75%	75%	100%	75%	100%	0
Application notes	1, 2	1	1		1	3	2, 4

Key to Application notes:

1. Requires a grant application from your local government
2. Only available after a federal disaster declaration
3. Requires the building to have a flood insurance policy and to have been flooded to such an extent that the local government declares it to be substantially damaged
4. This is a low-interest loan that must be paid back

What you can do:

- Check the websites and read up on the details of the funding programs that are appropriate for your situation. For example, if your state has not been declared a federal disaster area for some time, look at the grants that have annual application procedures, not HMGP.
- Talk to your local planning, building, or emergency management official to see if your community is interested in applying for a grant for properties like yours.
- Talk to your permit office to make sure they are aware of ICC. In some cases a local ordinance might be worded to trigger ICC for a repetitive loss property that was not substantially damaged.
- Keep your flood insurance policy in force. Several grants and ICC only fund properties that currently have a flood insurance policy.

This site was once repetitively flooded homes before FEMA funds helped acquire them.

This repetitive loss house was elevated with help from a FEMA grant.